

ALVORD AND ALVORD  
ATTORNEYS AT LAW  
1050 SEVENTEENTH STREET, N.W.  
SUITE 301  
WASHINGTON, D.C.

NOV 30 05 2:07 PM  
SURFACE TRANSPORTATION BOARD

ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)

20036  
(202) 393-2266  
FAX (202) 393-2156  
E-MAIL alvordlaw@aol.com

OF COUNSEL  
URBAN A. LESTER

November 30, 2005

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Mortgage, dated as of November 30, 2005, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Debtor: Babcock & Brown Rail Funding LLC  
230 Park Avenue  
New York, NY 10169

[Secured Party: Bayerische Hypo-Und Vereinsbank AG, Agent  
FPA 4 Lease/Asset Finance  
Am Tucherpark 1 (FPA)  
80538 Munich  
Germany]

Mr. Vernon A. Williams  
November 30, 2005  
Page Two

A description of the railroad equipment covered by the enclosed document is:

125 railcars: TVAX 25125, 25127-25142; 25144-25151; 25153-25202; 25204-25227; 25229-25249; 25253 and 25255-25258, inclusive; and 125 railcars: JHMX 05001 – JHMX 05125, inclusive.

A short summary of the document to appear in the index is:

Memorandum of Mortgage.

Also enclosed is a check in the amount of \$32.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm  
Enclosures

NOV 30 2005 2:07 PM

SURFACE TRANSPORTATION BOARD

**MEMORANDUM OF MORTGAGE**

Memorandum of Mortgage, made and entered into as of November 30, 2005 between **BABCOCK & BROWN RAIL FUNDING LLC** (the "Debtor") and **BAYERISCHE HYPO-UND VEREINSBANK AG**, as Agent under the Security Agreement referred to below (together with its successors and permitted assigns, the "Secured Party"). Terms used in this instrument have the meanings assigned thereto in the Amended and Restated Security Agreement dated as of October 18, 2002 (as supplemented, including by Security Agreement Supplement No. 26 dated the date hereof, the "Security Agreement") between the Secured Party and the Debtor.

**WITNESSETH:**

The undersigned and the Secured Party have entered into the Security Agreement, by which the Debtor has granted a security interest in certain railroad equipment bearing reporting marks and road numbers as listed on Exhibit A attached hereto and in each lease referred to on Exhibit B attached hereto to the Secured Party in order to secure the Debtor's performance of its obligations as described in the Security Agreement.

IN WITNESS WHEREOF, the party hereto has caused this memorandum to be duly executed by its officer duly authorized as of the date and year first above written.

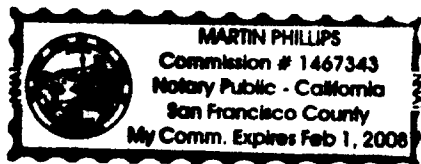
**BABCOCK & BROWN RAIL FUNDING  
LLC**By 

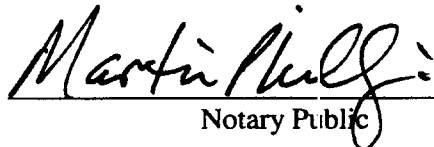
Name: Ross Sullivan

Title: Vice President

STATE OF CALIFORNIA           )  
  ) ss.:  
COUNTY OF SAN FRANCISCO    )

On the 27th day of November in the year 2005 before me personally came Ross Sullivan to me known, who, being by me duly sworn, did depose and say that he resides at 1090 Butterfield Road, San Anselmo, CA 94960; that he is the Vice President (duly appointed) of Babcock & Brown Rail Funding LLC, the limited liability company described in and which executed the above instrument; and that he signed his name thereto by authority of the officers of said limited liability company.



  
\_\_\_\_\_  
Notary Public

[Notarial Seal]

Memorandum of Mortgage

**Exhibit A  
to Memorandum of Mortgage**

**EQUIPMENT**

<u>Lease #</u>	<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
1	125	2005	4200 CF Aluminum body Rotary Autoflood III Open Top Coal Hoppers, 286K lbs. GRL, AAR Car Type Code K341	TVAX 25125, 25127- 25142, inclusive; 25144-25151, inclusive; 25153- 25202, inclusive; 25204-25227, inclusive; 25229- 25249, inclusive; 25253, and 25255- 25258, inclusive	None
2	125	2005	4200 CF Aluminum body Rotary Autoflood III Open Top Coal Hoppers, 286K lbs. GRL, AAR Car Type Code K341	JHMX 05001-05125, inclusive	None

**Exhibit B  
to Memorandum of Mortgage**

**LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS**

**Lease # 1**

Master Net Railcar Lease dated as of August 10, 2005, by and between Babcock & Brown Rail Funding LLC and Tennessee Valley Authority, to the extent the same relates to the Equipment described under the caption "Lease #1" in Exhibit A hereto.

Schedule No. 01 to Master Net Railcar Lease dated as of November 14, 2005, by and between Babcock & Brown Rail Funding LLC and Tennessee Valley Authority, to the extent the same relates to the Equipment described under the caption "Lease #1" in Exhibit A hereto.

Memorandum of Net Railcar Lease dated as of November 14, 2005, by and between Babcock & Brown Rail Funding LLC and Tennessee Valley Authority, in respect of the Equipment described under the caption "Lease #1" in Exhibit A hereto.

Certificate of Acceptance of Railroad Cars dated November 22, 2005, from Tennessee Valley Authority to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease #1" in Exhibit A hereto.

Master Railcar Manufacturing and Purchase Agreement made and entered into as of June 28, 2005, by and between FreightCar America, Inc. and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under the caption "Lease #1" in Exhibit A hereto.

Amended and Restated Rider No. 4 to Master Railcar Manufacturing and Purchase Agreement between FreightCar America, Inc. and Babcock & Brown Rail Funding LLC dated as of November 22, 2005, to the extent the same relates to the Equipment described under the caption "Lease #1" in Exhibit A hereto.

Warranty Bill of Sale dated as of November 30, 2005, from FreightCar America, Inc. to Babcock & Brown Rail Funding LLC and each Certificate of Acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in such Warranty Bill of Sale.

**Lease # 2**

Master Net Railcar Lease dated as of November 22, 2005, by and between Babcock & Brown Rail Funding LLC and Alabama Power Company, to the

extent the same relates to the Equipment described under the caption "Lease #2" in Exhibit A hereto.

Schedule No. 01 to Master Net Railcar Lease dated as of November 22, 2005, by and between Babcock & Brown Rail Funding LLC and Alabama Power Company, to the extent the same relates to the Equipment described under the caption "Lease #2" in Exhibit A hereto.

Memorandum of Net Railcar Lease dated as of November 22, 2005, by and between Babcock & Brown Rail Funding LLC and Alabama Power Company, in respect of the Equipment described under the caption "Lease #2" in Exhibit A hereto.

Certificate of Acceptance of Railroad Cars dated November 23, 2005, from Alabama Power Company to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease #2" in Exhibit A hereto.

Master Railcar Manufacturing and Purchase Agreement made and entered into as of June 28, 2005, by and between FreightCar America, Inc. and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under the caption "Lease #2" in Exhibit A hereto.

Rider No. 5 to Master Railcar Manufacturing and Purchase Agreement between FreightCar America, Inc. and Babcock & Brown Rail Funding LLC dated as of November 22, 2005, to the extent the same relates to the Equipment described under the caption "Lease #2" in Exhibit A hereto.

Warranty Bill of Sale dated as of November 30, 2005, from FreightCar America, Inc. to Babcock & Brown Rail Funding LLC and each Certificate of Acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in such Warranty Bill of Sale.

Together with all substitutions, replacements and renewals of the property above described, and all property which shall hereafter become physically attached to or incorporated in the property above described, whether the Debtor now has rights therein or such rights shall hereafter be acquired by it.

**CERTIFICATION**

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: \_\_\_\_\_

11/30/05



\_\_\_\_\_  
Robert W. Alvord